

group of feeder pigs at the time of notice of termination, then the agreement will terminate immediately.

Section 4. COMPENSATION:

Section 4.1 The amount due to the GROWER and owed by MFF will be computed and paid quarterly according to an equal quarterly payment schedule. GROWER will be paid a minimum total annual payment per building of _____

_____ (\$ _____/building). These quarterly payments shall be paid on the 15th day of the month providing that the GROWER has furnished to MFF with the required documentation in support of animals received, death loss, animals shipped, feed used, and is in compliance with all other terms and conditions of this agreement.

Section 4.2 GROWER shall be liable for 100% of any inventory shortages. MFF will deduct the value of any missing inventory from the GROWER'S compensation payment. Inventory value will be computed at the greater of cost or market value at the date the shortage is discovered.

Section 4.3 Any bonus compensation, for marketable hogs only, will be paid in accordance with the terms and conditions set forth in Exhibit "B" attached hereto and made a part hereof.

Section 4.4 MFF agrees to compensate GROWER based upon "Accounting Control Group," which shall be computed by 10 consecutive groups as determined by MFF. It is understood that, dependent upon the location of pigs and market readiness of pigs that any one group may be delivered to GROWER facilities over a period of several days as well as removed and marketed at maturity over a period of days. The term "Group" shall mean one house or group of houses at a contiguous location supplied by MFF to GROWER at any one time and accounted for as a group in MFF'S records.

Section 5. DEFAULT:

Section 5.1 In the event of default or breach of contract on the part of the GROWER, MFF reserves the right to:

- a. Give written notice of nonperformance to the GROWER and require performance by a given date. If upon the specified date the nonperformance remains unsatisfied, MFF reserves the right to hire the necessary performance task completed by MFF or an outside party and assess all charges against the GROWER'S quartered compensation payment.